



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

JUL 02 2008

Honorable Nancy Pelosi
Speaker of the House
of Representatives
U.S. Capitol Building, Room H-232
Washington, D.C. 20515-0001

Dear Madam Speaker:

In partial response to a resolution adopted by the Committee on Public Works and Transportation of the United States House of Representatives adopted March 11, 1982, a feasibility study was undertaken to evaluate flood damage reduction opportunities for the May Branch, Fort Smith, Arkansas. The study and resulting recommendations are described in the report of the Chief of Engineers dated December 19, 2006, which includes other pertinent reports and documents. The project was authorized in Section 1001(7) of the Water Resources Development Act (WRDA) of 2007. The Secretary of the Army supports the project and plans to implement the project through the normal budget process at the appropriate time, considering national priorities and the availability of funds.

The recommended project consists of a plan for flood damage reduction along May Branch in Fort Smith, Arkansas. The recommended plan is the locally preferred plan (LPP) and provides for a new 2.77-mile long open channel to convey flood waters from the May Branch basin to the Arkansas River. The new channel alignment would require 15 structure relocations, 5 rail and 9 road crossings, and a gated hydraulic control structure at the Fort Smith (Arkansas River) Levee. The reporting officers find that approximately 2.25 miles of the new channel, from the Arkansas River upstream to Grand Avenue (Reaches 1 through 4), satisfy requirements for full Federal participation in cost sharing under current Administration policy. The remaining 0.52 miles of new channel (Reaches 5 and 6) lie upstream of the limit of Federal interest and would be constructed at 100 percent non-Federal cost.

Reaches 1 through 4 of the proposed LPP are recommended for full participation in cost sharing. Based on October 2007 price levels, the total first cost of Reaches 1 through 4 of the LPP is currently estimated as \$26,240,000. The non-Federal share of this cost is currently estimated as \$10,920,000 and the Federal share is currently estimated as \$15,320,000. The cost of flood damage reduction features in Reaches 5 and 6 of the LPP, which will be constructed at 100 percent non-Federal expense, is estimated at \$5,250,000. The total cost of the cost-shared reaches (1 through 4) and non-cost-shared reaches (5 and 6) of



the LPP is estimated as \$31,490,000. The total Federal cost of the project is estimated as \$15,320,000 and the total non-Federal cost is estimated as \$16,170,000. The average annual cost for operation, maintenance, repair, rehabilitation, and replacement of the recommended project is estimated at \$66,000, which would be the responsibility of the non-Federal sponsor, the City of Fort Smith, Arkansas.

Based on October 2007 price levels, a 4.875 percent discount rate, and a 50-year period of economic analysis; Reaches 1 through 4 of the recommended LPP have an investment cost of \$28,040,000. The equivalent annual cost of the project is \$1,570,000 and equivalent annual benefits are \$1,770,000. Equivalent annual net benefits are \$200,000, and the ratio of benefits-to-costs is 1.13. Implementation of the recommended LPP would remove 127 structures from the 100-year floodplain of May Branch and would reduce expected annual flood damages by over 96 percent.

The LPP would provide greater flood damage reduction and less expected residual flood damages than the National Economic Development (NED) Plan. The NED Plan would be approximately \$2,020,000 less costly than the LPP. The NED Plan would prevent damages from events up to a 10-year frequency in Reaches 1 through 4. It would remove 87 of the 127 structures located within the 100-year floodplain, but residual flooding would still occur frequently. When the NED Plan has less than 90 percent reliability of protecting against the 1 percent chance flood event, an exception to the NED Plan can be recommended. As such, the Assistant Secretary of the Army, by memorandum dated October 27, 2005, granted an exception to the Administration policy requirement that the NED plan be recommended for implementation.

The Office of Management and Budget (OMB) concluded that the project is consistent with the policies and programs of the President, and has no objection to the submission of the report to Congress. A copy of its June 27, 2008 letter is enclosed. I am providing a copy of this transmittal and the OMB letter to the House Subcommittees on Energy and Water Development, and Water Resources and Environment.

Very truly yours,



John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

Enclosures



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JUL 02 2008

Honorable Richard Cheney
President of the Senate
U.S. Capitol Building, Room S-212
Washington, D.C. 20510-0012

Dear Mr. President:

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The LPP would provide greater flood damage reduction and less expected residual flood damages than the National Economic Development (NED) Plan. The NED Plan would be approximately \$2,020,000 less costly than the LPP. The NED Plan would prevent damages from events up to a 10-year frequency in Reaches 1 through 4. It would remove 87 of the 127 structures located within the 100-year floodplain, but residual flooding would still occur frequently. When the NED Plan has less than 90 percent reliability of protecting against the 1 percent chance flood event, an exception to the NED Plan can be recommended. As such, the Assistant Secretary of the Army, by memorandum dated October 27, 2005, granted an exception to the Administration policy requirement that the NED plan be recommended for implementation.

The Office of Management and Budget (OMB) concluded that the project is consistent with the policies and programs of the President, and has no objection to the submission of the report to Congress. A copy of its June 27, 2008 letter is enclosed. I am providing a copy of this transmittal and the OMB letter to the Senate Subcommittees on Energy and Water Development, and Transportation and Infrastructure.

Very truly yours,

A handwritten signature in black ink that reads "John Paul Woodley, Jr." in a cursive script.

John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

Enclosures